

2005 DRAFTING REQUEST

Bill

Received: **09/27/2004**

Received By: **jkreye**

Wanted: **As time permits**

Identical to LRB:

For: **Administration-Budget**

By/Representing: **Koskinen**

This file may be shown to any legislator: **NO**

Drafter: **jkreye**

May Contact:

Addl. Drafters:

Subject: **Tax, Other - miscellaneous**

Extra Copies:

Submit via email: **YES**

Requester's email:

Carbon copy (CC:) to: **joseph.kreye@legis.state.wi.us**

Pre Topic:

DOA:.....Koskinen, BB0074 -

Topic:

Intercepting state disbursements to pay state and local debts

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	jkreye 09/28/2004	wjackson 10/15/2004 wjackson 10/19/2004		_____ _____ _____ _____			S&L
/1	jkreye 11/11/2004	wjackson 11/15/2004	rschluet 10/19/2004	_____ _____ _____ _____	lnorthro 10/19/2004 lnorthro 10/19/2004		S&L

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/2	jkreye 01/24/2005	wjackson 01/24/2005	rschluet 11/16/2004	_____	sbasford 11/16/2004		S&L
/3	jkreye 01/31/2005	wjackson 01/31/2005	rschluet 01/24/2005	_____	mbarman 01/24/2005		S&L
/4			chaugen 01/31/2005	_____	lnorthro 01/31/2005		

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<END>

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/1	jkreye 11/11/2004	wjackson 11/15/2004 /4 WJ 11/31	rschluet 10/19/2004	<u> </u> <u> </u> <u> </u> <u> </u>	lnorthro 10/19/2004 lnorthro 10/19/2004		S&L

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/3			rschluet 01/24/2005	_____	mbarman 01/24/2005		

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1-31

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For: **Administration-Budget**

By/Representing: **Justus**

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Subject: **Tax, Other - miscellaneous**

Extra Copies:

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Requester's email:

Carbon copy (CC:) to: **joseph.kreye@legis.state.wi.us**

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DOA:.....Justus, BB0074 -

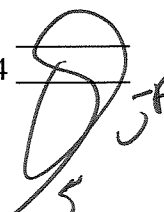
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/1	jkreye 11/11/2004	wjackson 11/15/2004	rschl 10/19/2004		lnorthro 10/19/2004		S&L

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Vers. Drafted Reviewed Typed Proofed Submitted Jacketed Required

_____ lnorthro
_____ 10/19/2004

/2 rschluet _____ sbasford
11/16/2004 _____ 11/16/2004

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/1		1/2 WJ 10/15	rschluet 10/19/2004		lnorthro 10/19/2004		

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164

LRB-0305

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Page 2

Vers. Drafted Reviewed Typed Proofed Submitted Jacketed Required

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10/19/2004

FE Sent For:

<END>

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/?	jkreye	/pl WLj 10/15					
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FE Sent For:

[Handwritten signature and initials]
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BB 0074

2003-05 Budget Bill Statutory Language Drafting Request

- Topic: Interception of State Payments for State and Local Debts
- Tracking Code: (Assigned by Government Operations Team)
- SBO team: Tax & Justice
- SBO analyst: Sarah Justus
 - Phone: 7-6921
 - Email: sarah.justus@doa.state.wi.us
- Agency acronym: DOR
- Agency number: 566

OPD5

**Statutory Language Request
Wisconsin Department of Revenue**

**TITLE: INTERCEPTION OF STATE PAYMENTS FOR STATE AGENCY AND LOCAL
GOVERNMENT DEBTS**

DESCRIPTION OF CURRENT LAW AND PROBLEM

Currently, under section 71.93 of the Wisconsin Statutes, the Department of Revenue (DOR) offsets state tax refunds against the debts of other state agencies that meet certain qualifications. As of June 2004, eighteen state agencies participate in this program. In fiscal 2004, almost 58,600 refunds were intercepted for total collections of \$21 million.

Currently, under section 71.935 of the Wisconsin Statutes, county and municipal governments can refer unpaid fines, fees, forfeitures and restitutions to DOR for tax refund interception. As of June 2004, 224 local governments participate in this program. In fiscal 2004, over 76,300 refunds were intercepted for total collections of \$11 million.

DOR charges both state agencies and local governments a contingency fee of 2% of the amount intercepted to fund these programs.

In 1998, DOR surveyed state agencies and local governments about their debt collection practices. Both groups identified difficulties in collecting their accounts receivable for the following reasons:

- Debts for low dollar values are not cost effective to pursue.
- Staff is not available to pursue collection or lacks collection experience.
- It is often difficult to locate debtors.
- Agencies lack involuntary collection tools.
- Local governments lack a strong incentive to pursue some debts because a percentage of the collections must be returned to the state.

Beside tax refunds, a number of other programs result in disbursements of funds from the state, such as payments to vendors for state supplies and services. For the most part, state agencies and local governments do not have a mechanism to intercept payments resulting from these disbursement programs to offset against their debts.

The federal government has created the Financial Management Service (FMS) as part of the U.S. Department of Treasury. FMS is responsible for cross-matching streams of disbursements flowing out of the federal government with the debts of federal agencies that have been referred to it. FMS has the authority to offset outgoing federal payments against federal agency debts.

RECOMMENDATION FOR ACTION

The State of Wisconsin should develop a program similar to the FMS model that matches state disbursements against state agency and local government debts and that offsets the disbursements to repay the debts. Such a program should be developed as follows:

- Debts should qualify for this program under the same definitions and procedures as they currently do for tax refund interception under sections 71.93 and 71.935 of the Wisconsin statutes.
- All state disbursements other than benefit entitlements should be subject to interception to repay the debts certified to this program.
- This program should be funded by a contingency fee that is a percentage of the amount intercepted.
- Contingency fees should be deposited in, and expenses should be paid from the same appropriation that supports the tax refund interception program, the Debt Collection appropriation authorized in section 20.566(1)(h) of the Wisconsin Statutes.

ADMINISTRATIVE IMPACT

DOR has an existing computer file of referred debts that would require some modification to accommodate the expanded process. Matching processes would need to be developed to intercept additional payments streams. Additional staff may be needed to administer the program.

State agencies and local governments are already referring debts for the refund interception program, so this expansion would not increase the administrative effort of referring debts. There would be additional contacts to the referring agencies from payees asking questions about interceptions. There would be a one-time effort to notify debtors whose debts have already been referred to DOR that they are subject to this new interception program.

DOA would need to modify disbursement procedures in WisMart. Other agencies from which the intercepted payment streams originate may also need to modify their programs to allow matching and interception to occur.

FAIRNESS /TAX EQUITY

This proposal increases the equity of state government operations in that a person will not be receiving payments from one state agency when they owe a debt to a different state agency or local government.

IMPACT ON ECONOMIC DEVELOPMENT

To the extent that this program would provide increased revenue to support state government without a corresponding tax or fee increase, it has a positive impact on economic development.

FISCAL EFFECT

DOR would require additional spending authority in the Debt Collection appropriation to cover expansion of its existing refund interception program.

State agencies and local governments referring debts should experience only minimal cost increases for this program expansion, since they are already referring their debts to DOR for the refund interception program. An additional one-time cost would be for

sending a second warning letter to debtors already certified to DOR for refund interception. State agencies and local governments should receive additional revenue from interceptions.

Additional costs will be incurred by DOA and other state agencies to modify the processes that initiate disbursements to accommodate the interception process.

A 2002 analysis by the State Controller's Office suggested that there were disbursements of between \$1 and \$2 billion annually that would be available to be intercepted through a program like this. It is estimated that the proposed program could result in interceptions of \$1 to \$2 million annually.

DRAFTING INSTRUCTIONS

Modify sections 71.93 and 71.935 to implement the expanded program.

Modify section 20.566(1)(h) to authorize the additional revenue and expenditures from the Debt Collection appropriation.

Insert authorizing language in the statutes governing disbursements to subject state disbursements other than benefits entitlements to this interception authority.

EFFECTIVE DATE AND/OR INITIAL APPLICABILITY

It is anticipated that it will take approximately 12 months after enactment to make the necessary computer system and process changes to put this law into effect.

INTERESTED/AFFECTED PARTIES

State agencies and local governments would be interested in this proposal because it may lead to additional revenue to their programs with minimal cost. Agencies that originate disbursements will be affected in that they may need to modify their disbursement programs. DOA is affected in that it will need to modify WisMart disbursement program.

DOR CONTACT PERSON

Vicki R. Siekert
(608) 266-9635
vsiekert@dor.state.wi.us

2003 - 2004 LEGISLATURE

LRB-1336/1

JK:kmg:pg
WJ

0305/P1

JUSTUS, BB0074 ^{Intercepting state disbursements to pay state and local debts ✓}

DOA:.....Wilson BB0314, Intercept state payments for state agency and local government debts

FOR 2003-06 BUDGET -- NOT READY FOR INTRODUCTION ✓

2005-07

in 9-28-04

D-N

LPS:
Please proof
amended stat:
w/ Folio.

DO NOT GEN

1

AN ACT ...; relating to: the budget. ✓

Analysis by the Legislative Reference Bureau

TAXATION ✓

OTHER TAXATION ✓

Under current law, if a person owes a debt to a state agency, the state agency may certify the debt to DOR so that DOR may collect the debt for the agency by subtracting the amount of the debt from any tax refund owed to the debtor. Also, under current law, if a person owes a debt in the form of unpaid fines, fees, or forfeitures to a county or municipality, the county or municipality may certify the debt to DOR so that DOR may collect the debt for the county or municipality by subtracting the amount of the debt from any tax refund owed to the debtor. DOR periodically pays the debts collected for state agencies, counties, and municipalities, less administrative fees, to the appropriate state agencies, counties, and municipalities that certified debts to DOR.

This bill permits any state agency to collect a debt owed to another state agency or to a county or municipality by reducing any payment made by the agency to the debtor by the amount of the debt and submitting such amount to DOR. DOR then pays the amount, less administrative fees, to the appropriate state agencies, counties, and municipalities that certified debts to DOR. ^{the agency makes}

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 71.93 (1) (cm) of the statutes is created to read:

71.93 (1) (cm) "Disbursement" means any payment from a state agency, except a payment that represents a benefit entitlement.

****NOTE: The instructions indicate that "benefit entitlements" should be excluded from any reduction of a state agency disbursement. What is a benefit entitlement? The only place where the term "benefit entitlement" is used in the statutes is under chapter 108 of the statutes related to unemployment benefits. Is that what you mean? If not, please specify ~~exactly~~ what payments should be excluded.

SECTION 2. 71.93 (2) of the statutes is amended to read:

71.93 (2) CERTIFICATION. A state agency may certify to the department for setoff any properly identified debt exceeding \$20 so that the department may setoff the amount of ~~such~~ ^{the} debt against a refund to the debtor or so that any other state agency may ~~deduct~~ ^{reduce} the amount of ~~such~~ ^{the} debt from a disbursement to the debtor. At least 30 days prior to certification each debtor shall be sent a notice by the state agency of its intent to certify the debt to the department for setoff or ~~deduction~~ ^{reduction} and of the debtor's right of appeal. At the time of certification, the certifying state agency shall furnish the social security number of individual debtors and the federal employer identification number of other debtors.

SECTION 3. 71.93 (3) of the statutes is renumbered 71.93 (3) (a).

SECTION 4. 71.93 (3) (b) of the statutes is created to read:

71.93 (3) (b) The department shall provide the information obtained under sub.

(2) to all state agencies. Before reducing any disbursement as provided under this

~~subsection~~ ^{paragraph}, a state agency shall contact the department to verify whether a certified

1 debt that is the basis of the reduction has been collected by other means. If the
2 certified debt remains uncollected, a state agency that makes a disbursement to the
3 debtor, as identified under sub. (2), shall reduce the disbursement by the amount of
4 the debtor's certified debt under sub. (2), notify the department of such reduction and
5 disbursement, and remit the amount of the reduction to the department in the
6 manner prescribed by the department. If more than one certified debt exists for any
7 debtor, the disbursement shall be reduced first by the earliest debt certified.

8 **SECTION 5.** 71.93 (4) of the statutes is amended to read:

9 71.93 (4) SETTLEMENT. Within 30 days after the close of each calendar quarter,
10 the department shall settle with each state agency that has certified a debt. Each
11 settlement shall note the opening balance of debts certified, any additions or
12 deletions, reductions or amounts set off, and the ending balance at the close of the
13 settlement period.

14 **SECTION 6.** 71.93 (5) of the statutes is amended to read:

15 71.93 (5) STATE AGENCY CHARGED FOR COSTS. At the time of each settlement, each
16 state agency shall be charged for administration expenses, and the amounts charged
17 shall be credited to the department's appropriation under s. 20.566 (1) (h). Annually
18 on or before November 1, the department shall review its costs incurred during the
19 previous fiscal year in administering state agency setoffs and reductions and shall
20 adjust its subsequent charges to each state agency to reflect that experience.

21 **SECTION 7.** 71.93 (6) of the statutes is amended to read:

22 71.93 (6) WRITTEN AGREEMENT AND AUTHORITY OF DEPARTMENT. Any state agency
23 wishing to certify debts to the department shall enter into a written agreement with
24 the department prior to any certification of debt. Any certification of debts by a state
25 agency or changes to certified debts shall be in a manner and form prescribed by the

1 department. The secretary of revenue shall be the final authority in the resolution
2 of any interagency disputes in regard to certification of debts. If a refund or
3 disbursement is adjusted after a setoff or reduction, the department may readjust
4 any erroneous settlement with a certifying state agency.

5 **SECTION 8.** 71.93 (7)✓ of the statutes is amended to read:

6 71.93 (7) EXCHANGE OF INFORMATION. Information relative to changes to any
7 debt certified shall be exchanged promptly by each agency ~~and the department setoff.~~
8 Setoff of refunds and reduction of disbursements against debts certified by agencies,
9 and any ~~reports~~ report of the setoff or reduction to ~~certifying~~ state agencies, is not
10 a violation of ss. 71.78, 72.06, 77.61 (5), 78.80 (3) and 139.38 (6).

11 **SECTION 9.** 71.935 (1) (cm)✓ of the statutes ²is created to read:

12 71.935 (1) (cm) "Disbursement" means any payment from a state agency,
13 except a payment that represents a benefit entitlement.

****NOTE: See the note below the definition of "disbursement" created in s. 71.93
(1) (cm) of this draft.✓

14 **SECTION 10.** 71.935 (3)✓ of the statutes is renumbered 71.935 (3) (a)✓.

15 **SECTION 11.** 71.935 (3) (b)✓ of the statutes is created to read:

16 71.935 (3) (b) The department shall provide the information obtained under
17 sub. (2)✓ to all state agencies. Before reducing any disbursement as provided under
18 this paragraph, a state agency shall contact the department to verify whether a
19 certified debt that is the basis of the reduction has been collected by other means and,
20 in the case of a parking citation, whether the debtor has contested the citation within
21 20 days after the notice under sub. (2)✓. If the certified debt remains uncollected and,
22 in the case of a parking citation, the citation has not been contested within 20 days
23 after the notice under sub. (2)✓, a state agency that makes a disbursement to the

1 debtor, as identified under sub. (2)[✓], shall, after any reduction under s. 71.93[✓], reduce
2 the disbursement by the amount of the debtor's certified debt under sub. (2)[✓], notify
3 the department of such reduction and disbursement, and remit the amount of the
4 reduction to the department in the manner prescribed by the department. If more
5 than one debt certified under sub. (2)[✓] exists for any debtor, the disbursement shall
6 be reduced first by the earliest debt certified. Any legal action contesting a reduction
7 under this paragraph shall be brought against the municipality or county that
8 certified the debt under sub. (2)[✓].

9 **SECTION 12.** 71.935 (4)[✓] of the statutes is amended to read:

10 71.935 (4) Within 30 days after the end of each calendar quarter, the
11 department shall settle with each municipality and county for the amounts ~~that the~~
12 ~~department setoff~~ ^{Set off} or reduced against certified debts for the municipality or county
13 during that calendar quarter.

14 **SECTION 13.** 71.935 (5)[✓] of the statutes is amended to read:

15 71.935 (5) At the time of each settlement, each municipality and county shall
16 be charged for administration expenses, and the amounts charged shall be credited
17 to the appropriation account under s. 20.566 (1) (h). Annually on or before November
18 1, the department shall review its costs incurred during the previous fiscal year in
19 administering setoffs and reductions under this section and shall adjust its
20 subsequent charges to each municipality and county to reflect that experience.

21 (END)

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

0305/P/dn
LRB-1336/Tdn

JK:kmg:pg

Wlj

January 10, 2003

Lori Wilson and John Koskinen:

Please review this draft carefully to ensure that it is consistent with your intent. Also, please see the notes embedded in the text of the draft related to defining "disbursements."

The instructions indicate that the appropriation under s. 20.566 (1) (h) [✓] should be modified to accommodate any "additional spending authority" that is necessary to cover the expansion of the setoffs under ss. 71.93 and 71.935[✓]. However, I believe that the language of s. 20.566 (1) (h) is already broad enough to cover expenses related to expanding the setoff programs. Therefore, I did not modify the appropriation.

The instructions also indicate that "authorizing language" should be inserted in every statute part governing a state disbursement, consistent with modifying ss. 71.93 and 71.935. I did not do this because: 1) it would take considerable time, and a near Herculean effort, to ferret out every provision in the statutes that provides for a payment to a potential debtor, and 2) even if I could amend every relevant provision in the statutes in time for the budget to be introduced, it would not guarantee that ss. 71.93 and 71.935[✓] would apply to subsequent changes or additions to the statutes related to state payments. In fact, the inadvertent omission of some statutes may lead to unforeseen and unintended consequences. Therefore, I have modified ss. 71.93 and 71.935[✓] in such a way as to cover any payment by a state agency to a potential debtor. Please contact me if you have any questions.

Joseph T. Kreye
Legislative Attorney
Phone: (608) 266-2263
E-mail: joseph.kreye@legis.state.wi.us

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-0305/1dn
JK:wlj:rs

October 19, 2004

Sara:

Please review this draft carefully to ensure that it is consistent with your intent. Also, please see the notes embedded in the text of the draft related to defining "disbursements."

The instructions indicate that the appropriation under s. 20.566 (1) (h) should be modified to accommodate any "additional spending authority" that is necessary to cover the expansion of the setoffs under ss. 71.93 and 71.935. However, I believe that the language of s. 20.566 (1) (h) is already broad enough to cover expenses related to expanding the setoff programs. Therefore, I did not modify the appropriation.

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Joseph T. Kreye
Legislative Attorney
Phone: (608) 266-2263
E-mail: joseph.kreye@legis.state.wi.us

Kreye, Joseph

From: Justus, Sarah
Sent: Thursday, November 11, 2004 12:51 PM
To: Kreye, Joseph
Subject: FW: LRB Draft: 05-0305/1 Intercepting state disbursements to pay state and local debts



05-0305/1



05-0305/1dn

Here are some comments from DOR

Thanks!
Sarah

-----Original Message-----

From: Lashore, Patricia M
Sent: Thursday, November 11, 2004 12:50 PM
To: Justus, Sarah
Cc: Collier, Dennis J; Gates-Hendrix, Sherrie; Parker, James A
Subject: LRB Draft: 05-0305/1 Intercepting state disbursements to pay state and local debts

Here are comments on this draft:

- 1) Re: proposed 71.93 (1) (cm) and 71.935 (1) (cm): Define a "disbursement" in terms of payments to persons providing goods or services to the state under subch. IV or V of ch. 16 or ch. 84.
- 2) Re: proposed 71.93 (2): Replace the reference to "any other state agency" (line 7) with "the department of administration".
- 3) Re: proposed 71.93 (3) (b) and 71.935 (3) (b): Our intent here would be for DOA to reduce any disbursements owed to certified debtors as identified in sub. (2) by the amount of the debt owed to a state agency or county/municipality, and not involve the originating payor agency in this process (as is currently stated). All references to a process where debt balances are verified by the debtor agency should be deleted. Language referring to reduction of the earliest debt certified should remain, as well as language stating any legal action contesting the setoff/reduction shall be brought against the certifying muni or county. In addition, we think it might be opportune to suggest adding language to 71.93 stating that any legal action contesting the setoff/reduction shall be brought against the certifying state agency.

RM not R

DOA:.....Justus, BB0074 - Intercepting state disbursements to pay state and local debts

FOR 2005-07 BUDGET -- NOT READY FOR INTRODUCTION

in 11-11-04
D-N✓

DO NOT GEN

1

AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

TAXATION

OTHER TAXATION

Under current law, if a person owes a debt to a state agency, the state agency may certify the debt to DOR so that DOR may collect the debt for the agency by subtracting the amount of the debt from any tax refund owed to the debtor. Also, under current law, if a person owes a debt in the form of unpaid fines, fees, or forfeitures to a county or municipality, the county or municipality may certify the debt to DOR so that DOR may collect the debt for the county or municipality by subtracting the amount of the debt from any tax refund owed to the debtor. DOR periodically pays the debts collected for state agencies, counties, and municipalities, less administrative fees, to the appropriate state agencies, counties, and municipalities that certified debts to DOR.

This bill permits ~~any state agency~~ ^{DOA} to collect a debt owed to ~~another~~ ^{DOA} state agency or to a county or municipality by reducing any payment ~~the agency~~ ^{DOA} makes to the debtor by the amount of the debt and submitting such amount to DOR. DOR then pays the amount, less administrative fees, to the appropriate state agency, county, or municipality that certified a debt to DOR.

For further information see the **state and local** fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

to a person who provides goods and services to the state under subchapter V of ch 016 or under ch 084

SECTION 1. 71.93 (1) (cm) of the statutes is created to read:

71.93 (1) (cm) "Disbursement" means any payment ~~from a state agency, except a payment that represents a benefit entitlement.~~

****NOTE: The instructions indicate that "benefit entitlements" should be excluded from any reduction of a state agency disbursement. What is a benefit entitlement? The only place where the term "benefit entitlement" is used in the statutes is under chapter 108 of the statutes related to unemployment benefits. Is that what you mean? If not, please specify what payments should be excluded.

SECTION 2. 71.93 (2) of the statutes is amended to read:

the department of administration

71.93 (2) CERTIFICATION. A state agency may certify to the department for setoff any properly identified debt exceeding \$20 so that the department may set off the amount of the debt against a refund to the debtor or so that ~~any other state agency may reduce a disbursement to the debtor by the amount of the debt.~~ At least 30 days prior to certification each debtor shall be sent a notice by the state agency of its intent to certify the debt to the department for setoff or reduction and of the debtor's right of appeal. At the time of certification, the certifying state agency shall furnish the social security number of individual debtors and the federal employer identification number of other debtors.

SECTION 3. 71.93 (3) of the statutes is renumbered 71.93 (3) (a).

SECTION 4. 71.93 (3) (b) of the statutes is created to read:

71.93 (3) (b) The department shall provide the information obtained under sub. (2) to ~~all state agencies.~~ Before reducing any disbursement as provided under this paragraph, ~~a state agency~~ shall contact the department to verify whether a certified

(the department of administration)

the department of administration

1 debt that is the basis of the reduction has been collected by other means. If the
2 certified debt remains uncollected, ~~a state agency that makes a disbursement to the~~
3 ~~debtor, as identified under sub. (2),~~ shall reduce the disbursement by the amount of
4 the debtor's certified debt under sub. (2), notify the department of such reduction and
5 disbursement, and remit the amount of the reduction to the department in the
6 manner prescribed by the department. If more than one certified debt exists for any
7 debtor, the disbursement shall be reduced first by the earliest debt certified.

8 **SECTION 5.** 71.93 (4) of the statutes is amended to read:

9 71.93 (4) SETTLEMENT. Within 30 days after the close of each calendar quarter,
10 the department shall settle with each state agency that has certified a debt. Each
11 settlement shall note the opening balance of debts certified, any additions or
12 deletions, reductions or amounts set off, and the ending balance at the close of the
13 settlement period.

14 **SECTION 6.** 71.93 (5) of the statutes is amended to read:

15 71.93 (5) STATE AGENCY CHARGED FOR COSTS. At the time of each settlement, each
16 state agency shall be charged for administration expenses, and the amounts charged
17 shall be credited to the department's appropriation under s. 20.566 (1) (h). Annually
18 on or before November 1, the department shall review its costs incurred during the
19 previous fiscal year in administering state agency setoffs and reductions and shall
20 adjust its subsequent charges to each state agency to reflect that experience.

21 **SECTION 7.** 71.93 (6) of the statutes is amended to read:

22 71.93 (6) WRITTEN AGREEMENT AND AUTHORITY OF DEPARTMENT. Any state agency
23 wishing to certify debts to the department shall enter into a written agreement with
24 the department prior to any certification of debt. Any certification of debts by a state
25 agency or changes to certified debts shall be in a manner and form prescribed by the

(No Off) any legal action contesting a reduction under this paragraph
shall be brought against the state agency that certified the debt,
under mbo (2)

to a person who provides goods and services to the state under ch. 84 or sub. 016 or under ch. 84

department. The secretary of revenue shall be the final authority in the resolution of any interagency disputes in regard to certification of debts. If a refund or disbursement is adjusted after a setoff or reduction, the department may readjust any erroneous settlement with a certifying state agency.

SECTION 8. 71.93 (7) of the statutes is amended to read:

71.93 (7) EXCHANGE OF INFORMATION. Information relative to changes to any debt certified shall be exchanged promptly by each agency and the department setoff. Setoff of refunds and reduction of disbursements against debts certified by agencies, and any reports report of the setoff or reduction to certifying state agencies, is not a violation of ss. 71.78, 72.06, 77.61 (5), 78.80 (3), and 139.38 (6).

SECTION 9. 71.935 (1) (cm) of the statutes is created to read:

71.935 (1) (cm) "Disbursement" means any payment from a state agency, except a payment that represents a benefit entitlement.

****NOTE: See the note below the definition of "disbursement" created in s. 71.93 (1) (cm) of this draft.

SECTION 10. 71.935 (3) of the statutes is renumbered 71.935 (3) (a).

SECTION 11. 71.935 (3) (b) of the statutes is created to read:

71.935 (3) (b) The department shall provide the information obtained under sub. (2) to ~~all state agencies~~ *state agency*. Before reducing any disbursement as provided under

this paragraph, *a state agency* shall contact the department to verify whether a certified debt that is the basis of the reduction has been collected by other means and, in the case of a parking citation, whether the debtor has contested the citation within 20 days after the notice under sub. (2). If the certified debt remains uncollected and, in the case of a parking citation, the citation has not been contested within 20 days after the notice under sub. (2), ~~a state agency that makes a disbursement to the~~

the department of administration

1 ~~debtor, as identified under sub. (2),~~ shall, after any reduction under s. 71.93, reduce
2 the disbursement by the amount of the debtor's certified debt under sub. (2), notify
3 the department of such reduction and disbursement, and remit the amount of the
4 reduction to the department in the manner prescribed by the department. If more
5 than one debt certified under sub. (2) exists for any debtor, the disbursement shall
6 be reduced first by the earliest debt certified. Any legal action contesting a reduction
7 under this paragraph shall be brought against the municipality or county that
8 certified the debt under sub. (2).

9 **SECTION 12.** 71.935 (4) of the statutes is amended to read:

10 71.935 (4) Within 30 days after the end of each calendar quarter, the
11 department shall settle with each municipality and county for the amounts ~~that the~~
12 ~~department setoff~~ set off or reduced against certified debts for the municipality or
13 county during that calendar quarter.

14 **SECTION 13.** 71.935 (5) of the statutes is amended to read:

15 71.935 (5) At the time of each settlement, each municipality and county shall
16 be charged for administration expenses, and the amounts charged shall be credited
17 to the appropriation account under s. 20.566 (1) (h). Annually on or before November
18 1, the department shall review its costs incurred during the previous fiscal year in
19 administering setoffs and reductions under this section and shall adjust its
20 subsequent charges to each municipality and county to reflect that experience.

21 (END)

0305/2 dly
JK:WLj

Sarah ✓

¶ This draft reflects the comments received from

DOR, dated Thursday, November 11, 2004.

JK

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-0305/2dn
JK:wlj:rs

November 16, 2004

Sarah:

This draft reflects the comments received from DOR, dated Thursday, November 11, 2004.

Joseph T. Kreye
Legislative Attorney
Phone: (608) 266-2263
E-mail: joseph.kreye@legis.state.wi.us

05-0305

Kreye, Joseph

From: Kraus, Jennifer - DOA
Sent: Friday, January 21, 2005 12:27 PM
To: Kreye, Joseph
Subject: FW: LRB Draft: 05-0305/1 Intercepting state disbursements to pay state and local debts

Some more comments from DO - Jennifer

-----Original Message-----
From: Lashore, Patricia M
Sent: Friday, January 21, 2005 9:27 AM
To: Kraus, Jennifer - DOA
Subject: RE: LRB Draft: 05-0305/1 Intercepting state disbursements to pay state and local debts

Yes.

-----Original Message-----
From: Kraus, Jennifer - DOA
Sent: Thursday, January 20, 2005 11:56 PM
To: Lashore, Patricia M
Subject: RE: LRB Draft: 05-0305/1 Intercepting state disbursements to pay state and local debts

I'm reading this right that student aid would be exempt? That's what the Gov wanted...

-----Original Message-----
From: Lashore, Patricia M
Sent: Thursday, January 20, 2005 8:23 AM
To: Kraus, Jennifer - DOA
Subject: LRB Draft: 05-0305/1 Intercepting state disbursements to pay state and local debts

Here are comments on this draft:

This looks pretty good. We've got the following comments:

- It's our conclusion that student aid payments would not fall under the new definition of what can be captured (71.94(1)(cm)). To expand that question a little and apply it to any payment captured: we assume that any payment initiated by an agency is validly owed to the recipient, so even if it is not intercepted to pay the recipient's debt, the funds would not be available for the originating agency to use otherwise.
- We like the language that has been included in 71.93(3)(b) and 71.935(3)(b) about legal action contesting the reduction shall be brought against the agency certifying the debt. We wonder if similar language could be inserted in what will become 71.93(3)(a) and 71.935(3)(a) to refer to refund interception.



State of Wisconsin
2005 - 2006 LEGISLATURE

LRB-0305/2

JK:wlj:rs

3
RM not R

DOA:.....Justus, BB0074 - Intercepting state disbursements to pay state and local debts

FOR 2005-07 BUDGET -- NOT READY FOR INTRODUCTION

in 1-24-05

TODAY
please

DO NOT GEN

1 AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

TAXATION

OTHER TAXATION

Under current law, if a person owes a debt to a state agency, the state agency may certify the debt to DOR so that DOR may collect the debt for the agency by subtracting the amount of the debt from any tax refund owed to the debtor. Also, under current law, if a person owes a debt in the form of unpaid fines, fees, or forfeitures to a county or municipality, the county or municipality may certify the debt to DOR so that DOR may collect the debt for the county or municipality by subtracting the amount of the debt from any tax refund owed to the debtor. DOR periodically pays the debts collected for state agencies, counties, and municipalities, less administrative fees, to the appropriate state agencies, counties, and municipalities that certified debts to DOR.

This bill permits DOA to collect a debt owed to a state agency or to a county or municipality by reducing any payment DOA makes to the debtor by the amount of the debt and submitting such amount to DOR. DOR then pays the amount, less administrative fees, to the appropriate state agency, county, or municipality that certified a debt to DOR.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

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1 **SECTION 1.** 71.93 (1) (cm) of the statutes is created to read:

2 71.93 (1) (cm) "Disbursement" means any payment to a person who provides
3 goods and services to the state under subch. IV or V of ch. 16 or under ch. 84.

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5 71.93 (2) CERTIFICATION. A state agency may certify to the department for setoff
6 any properly identified debt exceeding \$20 so that the department may set off the
7 amount of the debt against a refund to the debtor or so that the department of
8 administration may reduce a disbursement to the debtor by the amount of the debt.

9 At least 30 days prior to certification each debtor shall be sent a notice by the state
10 agency of its intent to certify the debt to the department for setoff or reduction and
11 of the debtor's right of appeal. At the time of certification, the certifying state agency
12 shall furnish the social security number of individual debtors and the federal
13 employer identification number of other debtors.

14 ~~**SECTION 3.** 71.93 (3) of the statutes is renumbered 71.93 (3) (a).~~

15 **SECTION 4.** 71.93 (3) (b) of the statutes is created to read:

16 71.93 (3) (b) The department shall provide the information obtained under sub.
17 (2) to the department of administration. Before reducing any disbursement as
18 provided under this paragraph, the department of administration shall contact the
19 department to verify whether a certified debt that is the basis of the reduction has
20 been collected by other means. If the certified debt remains uncollected, the
21 department of administration shall reduce the disbursement by the amount of the

INSERT 2-13 ↓

1 debtor's certified debt under sub. (2), notify the department of such reduction and
2 disbursement, and remit the amount of the reduction to the department in the
3 manner prescribed by the department. If more than one certified debt exists for any
4 debtor, the disbursement shall be reduced first by the earliest debt certified. Any
5 legal action contesting a reduction under this paragraph shall be brought against the
6 state agency that certified the debt under sub. (2).

7 **SECTION 5.** 71.93 (4) of the statutes is amended to read:

8 71.93 (4) SETTLEMENT. Within 30 days after the close of each calendar quarter,
9 the department shall settle with each state agency that has certified a debt. Each
10 settlement shall note the opening balance of debts certified, any additions or
11 deletions, reductions or amounts set off, and the ending balance at the close of the
12 settlement period.

13 **SECTION 6.** 71.93 (5) of the statutes is amended to read:

14 71.93 (5) STATE AGENCY CHARGED FOR COSTS. At the time of each settlement, each
15 state agency shall be charged for administration expenses, and the amounts charged
16 shall be credited to the department's appropriation under s. 20.566 (1) (h). Annually
17 on or before November 1, the department shall review its costs incurred during the
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19 adjust its subsequent charges to each state agency to reflect that experience.

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21 71.93 (6) WRITTEN AGREEMENT AND AUTHORITY OF DEPARTMENT. Any state agency
22 wishing to certify debts to the department shall enter into a written agreement with
23 the department prior to any certification of debt. Any certification of debts by a state
24 agency or changes to certified debts shall be in a manner and form prescribed by the
25 department. The secretary of revenue shall be the final authority in the resolution

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2 disbursement is adjusted after a setoff or reduction, the department may readjust
3 any erroneous settlement with a certifying state agency.

4 **SECTION 8.** 71.93 (7) of the statutes is amended to read:

5 71.93 (7) EXCHANGE OF INFORMATION. Information relative to changes to any
6 debt certified shall be exchanged promptly by each agency ~~and the department setoff~~
7 Setoff of refunds and reduction of disbursements against debts certified by agencies,
8 and any reports report of the setoff or reduction to certifying state agencies, is not
9 a violation of ss. 71.78, 72.06, 77.61 (5), 78.80 (3), and 139.38 (6).

10 **SECTION 9.** 71.935 (1) (cm) of the statutes is created to read:

11 71.935 (1) (cm) "Disbursement" means any payment to a person who provides
12 goods and services to the state under subch. IV or V of ch. 16 or under ch. 84.

13 ~~**SECTION 10.** 71.935 (3) of the statutes is renumbered 71.935 (3) (a).~~

14 **SECTION 11.** 71.935 (3) (b) of the statutes is created to read:

15 71.935 (3) (b) The department shall provide the information obtained under
16 sub. (2) to the department of administration. Before reducing any disbursement as
17 provided under this paragraph, the department of administration shall contact the
18 department to verify whether a certified debt that is the basis of the reduction has
19 been collected by other means and, in the case of a parking citation, whether the
20 debtor has contested the citation within 20 days after the notice under sub. (2). If
21 the certified debt remains uncollected and, in the case of a parking citation, the
22 citation has not been contested within 20 days after the notice under sub. (2), the
23 department of administration shall, after any reduction under s. 71.93, reduce the
24 disbursement by the amount of the debtor's certified debt under sub. (2), notify the
25 department of such reduction and disbursement, and remit the amount of the

INSERT 4-12 ✓

1 reduction to the department in the manner prescribed by the department. If more
2 than one debt certified under sub. (2) exists for any debtor, the disbursement shall
3 be reduced first by the earliest debt certified. Any legal action contesting a reduction
4 under this paragraph shall be brought against the municipality or county that
5 certified the debt under sub. (2).

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7 71.935 (4) Within 30 days after the end of each calendar quarter, the
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9 ~~department setoff~~ set off or reduced against certified debts for the municipality or
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11 **SECTION 13.** 71.935 (5) of the statutes is amended to read:

12 71.935 (5) At the time of each settlement, each municipality and county shall
13 be charged for administration expenses, and the amounts charged shall be credited
14 to the appropriation account under s. 20.566 (1) (h). Annually on or before November
15 1, the department shall review its costs incurred during the previous fiscal year in
16 administering setoffs and reductions under this section and shall adjust its
17 subsequent charges to each municipality and county to reflect that experience.

18 (END)

Insert 2-13

Section #. 71.93 (3) of the statutes is renumbered 71.93 (3) (a) and amended to read:

71.93 (3) (a) ADMINISTRATION. In administering this section the department shall first check with the state agency certifying the debt to determine whether the debt has been collected by other means. If the debt remains uncollected the department of revenue shall setoff any debt or other amount owed to the department, regardless of the origin of the debt or of the amount, its nature or its date. If after the setoff there remains a refund in excess of \$10, the department shall set off the remaining refund against certified debts of other state agencies. If more than one certified debt exists for any debtor, the refund shall be first set off against the earliest debt certified, except that no child support or spousal support obligation submitted by an agency of another state may be set off until all debts owed to and certified by state agencies of this state have been set off. When all debts have been satisfied, any remaining refund shall be refunded to the debtor by the department.)

1987 a. 312; 1989 a. 31; 1993 a. 437; 1995 a. 27 ss. 3427 to 3429, 9126 (19), 9130 (4); 1995 a. 404; 1997 a. 3, 27; 2001 a. 16; 2003 a. 33. 1987 a. 312; 1989 a. 31; 1993 a. 437; 1995 a. 27 ss. 3427 to 3429, 9126 (19), 9130 (4); 1995 a. 404; 1997 a. 3, 27; 2001 a. 16; 2003 a.

33.
Noft

Any legal action contesting a setoff under this paragraph
shall be brought against the state agency that
certified the debt under subo (2) ✓

Amend 4-12

Section #. 71.935 (3) of the statutes is renumbered 71.935 (3) (a) and amended to read:

71.935 (3) (a) If the debt remains uncollected and, in the case of a parking citation, if the debtor has not contested the citation within 20 days after the notice under sub. (2), the department shall set off the debt against any refund that is owed to the debtor after the setoff under s. 71.93. Any legal action contesting a setoff shall be brought against the municipality or county.

History: 1995 a. 27; 1997 a. 27; 2003 a. 177.

that certified the debt
under sub (2)



State of Wisconsin
2005 - 2006 LEGISLATURE

LRB-0305/3

JK:wlj:rs

RM:ntk

DOA:.....Koskinen, BB0074 - Intercepting state disbursements to pay state and local debts

FOR 2005-07 BUDGET -- NOT READY FOR INTRODUCTION

in 1-31-05



Do Not Gen.

1 AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

TAXATION

OTHER TAXATION

Under current law, if a person owes a debt to a state agency, the state agency may certify the debt to DOR so that DOR may collect the debt for the agency by subtracting the amount of the debt from any tax refund owed to the debtor. Also, under current law, if a person owes a debt in the form of unpaid fines, fees, or forfeitures to a county or municipality, the county or municipality may certify the debt to DOR so that DOR may collect the debt for the county or municipality by subtracting the amount of the debt from any tax refund owed to the debtor. DOR periodically pays the debts collected for state agencies, counties, and municipalities, less administrative fees, to the appropriate state agencies, counties, and municipalities that certified debts to DOR.

This bill permits DOA to collect a debt owed to a state agency or to a county or municipality by reducing any payment DOA makes to the debtor by the amount of the debt and submitting such amount to DOR. DOR then pays the amount, less administrative fees, to the appropriate state agency, county, or municipality that certified a debt to DOR.

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by any debts certified under 507302 then

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3 **SECTION 12.** 71.935 (4) of the statutes is amended to read:

4 71.935 (4) Within 30 days after the end of each calendar quarter, the
5 department shall settle with each municipality and county for the amounts ~~that the~~
6 ~~department setoff~~ set off or reduced against certified debts for the municipality or
7 county during that calendar quarter.

8 **SECTION 13.** 71.935 (5) of the statutes is amended to read:

9 71.935 (5) At the time of each settlement, each municipality and county shall
10 be charged for administration expenses, and the amounts charged shall be credited
11 to the appropriation account under s. 20.566 (1) (h). Annually on or before November
12 1, the department shall review its costs incurred during the previous fiscal year in
13 administering setoffs and reductions under this section and shall adjust its
14 subsequent charges to each municipality and county to reflect that experience.

15 (END)

INSERT 6-14

Insert 6-14

Section #. 73.12 (1) (b) of the statutes is amended to read:

73.12 (1) (b) "Vendor" means a person providing goods or services to this state under subch. IV or V of ch. 16 or under ch. 84 if the value of the contract for those goods or services is at least \$500.

History: 1985 a. 29; 1987 a. 312 s. 17; 1989 a. 31; 1997 a. 237.



State of Wisconsin
2005 - 2006 LEGISLATURE

LRB-0305/4

JK:wlj:ch

DOA:.....Koskinen, BB0074 - Intercepting state disbursements to pay state
and local debts

FOR 2005-07 BUDGET -- NOT READY FOR INTRODUCTION

1 AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

TAXATION

OTHER TAXATION

Under current law, if a person owes a debt to a state agency, the state agency may certify the debt to DOR so that DOR may collect the debt for the agency by subtracting the amount of the debt from any tax refund owed to the debtor. Also, under current law, if a person owes a debt in the form of unpaid fines, fees, or forfeitures to a county or municipality, the county or municipality may certify the debt to DOR so that DOR may collect the debt for the county or municipality by subtracting the amount of the debt from any tax refund owed to the debtor. DOR periodically pays the debts collected for state agencies, counties, and municipalities, less administrative fees, to the appropriate state agencies, counties, and municipalities that certified debts to DOR.

This bill permits DOA to collect a debt owed to a state agency or to a county or municipality by reducing any payment DOA makes to the debtor by the amount of the debt and submitting such amount to DOR. DOR then pays the amount, less administrative fees, to the appropriate state agency, county, or municipality that certified a debt to DOR.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 71.93 (1) (cm) of the statutes is created to read:

2 71.93 (1) (cm) “Disbursement” means any payment to a person who provides
3 goods and services to the state under subch. IV or V of ch. 16 or under ch. 84.

4 **SECTION 2.** 71.93 (2) of the statutes is amended to read:

5 71.93 (2) CERTIFICATION. A state agency may certify to the department ~~for setoff~~
6 any properly identified debt exceeding \$20 so that the department may set off the
7 amount of the debt against a refund to the debtor or so that the department of
8 administration may reduce a disbursement to the debtor by the amount of the debt.

9 At least 30 days prior to certification each debtor shall be sent a notice by the state
10 agency of its intent to certify the debt to the department for setoff or reduction and
11 of the debtor’s right of appeal. At the time of certification, the certifying state agency
12 shall furnish the social security number of individual debtors and the federal
13 employer identification number of other debtors.

14 **SECTION 3.** 71.93 (3) of the statutes is renumbered 71.93 (3) (a) and amended
15 to read:

16 71.93 (3) (a) ADMINISTRATION. In administering this section the department
17 shall first check with the state agency certifying the debt to determine whether the
18 debt has been collected by other means. If the debt remains uncollected the
19 department of revenue shall setoff any debt or other amount owed to the department,
20 regardless of the origin of the debt or of the amount, its nature or its date. If after
21 the setoff there remains a refund in excess of \$10, the department shall set off the

1 remaining refund against certified debts of other state agencies. If more than one
2 certified debt exists for any debtor, the refund shall be first set off against the earliest
3 debt certified, except that no child support or spousal support obligation submitted
4 by an agency of another state may be set off until all debts owed to and certified by
5 state agencies of this state have been set off. When all debts have been satisfied, any
6 remaining refund shall be refunded to the debtor by the department. Any legal
7 action contesting a setoff under this paragraph shall be brought against the state
8 agency that certified the debt under sub. (2).

9 **SECTION 4.** 71.93 (3) (b) of the statutes is created to read:

10 71.93 (3) (b) The department shall provide the information obtained under sub.
11 (2) to the department of administration. Before reducing any disbursement as
12 provided under this paragraph, the department of administration shall contact the
13 department to verify whether a certified debt that is the basis of the reduction has
14 been collected by other means. If the certified debt remains uncollected, the
15 department of administration shall reduce the disbursement by the amount of the
16 debtor's certified debt under sub. (2), notify the department of such reduction and
17 disbursement, and remit the amount of the reduction to the department in the
18 manner prescribed by the department. If more than one certified debt exists for any
19 debtor, the disbursement shall be reduced first by any debts certified under s. 73.12
20 then by the earliest debt certified. Any legal action contesting a reduction under this
21 paragraph shall be brought against the state agency that certified the debt under
22 sub. (2).

23 **SECTION 5.** 71.93 (4) of the statutes is amended to read:

24 71.93 (4) SETTLEMENT. Within 30 days after the close of each calendar quarter,
25 the department shall settle with each state agency that has certified a debt. Each

1 settlement shall note the opening balance of debts certified, any additions or
2 deletions, reductions or amounts set off, and the ending balance at the close of the
3 settlement period.

4 **SECTION 6.** 71.93 (5) of the statutes is amended to read:

5 71.93 (5) STATE AGENCY CHARGED FOR COSTS. At the time of each settlement, each
6 state agency shall be charged for administration expenses, and the amounts charged
7 shall be credited to the department's appropriation under s. 20.566 (1) (h). Annually
8 on or before November 1, the department shall review its costs incurred during the
9 previous fiscal year in administering state agency setoffs and reductions and shall
10 adjust its subsequent charges to each state agency to reflect that experience.

11 **SECTION 7.** 71.93 (6) of the statutes is amended to read:

12 71.93 (6) WRITTEN AGREEMENT AND AUTHORITY OF DEPARTMENT. Any state agency
13 wishing to certify debts to the department shall enter into a written agreement with
14 the department prior to any certification of debt. Any certification of debts by a state
15 agency or changes to certified debts shall be in a manner and form prescribed by the
16 department. The secretary of revenue shall be the final authority in the resolution
17 of any interagency disputes in regard to certification of debts. If a refund or
18 disbursement is adjusted after a setoff or reduction, the department may readjust
19 any erroneous settlement with a certifying state agency.

20 **SECTION 8.** 71.93 (7) of the statutes is amended to read:

21 71.93 (7) EXCHANGE OF INFORMATION. Information relative to changes to any
22 debt certified shall be exchanged promptly by each agency ~~and the department setoff.~~
23 Setoff of refunds and reduction of disbursements against debts certified by agencies,
24 and any ~~reports~~ report of the setoff or reduction to certifying state agencies, is not
25 a violation of ss. 71.78, 72.06, 77.61 (5), 78.80 (3), and 139.38 (6).

1 **SECTION 9.** 71.935 (1) (cm) of the statutes is created to read:

2 71.935 (1) (cm) “Disbursement” means any payment to a person who provides
3 goods and services to the state under subch. IV or V of ch. 16 or under ch. 84.

4 **SECTION 10.** 71.935 (3) of the statutes is renumbered 71.935 (3) (a) and
5 amended to read:

6 71.935 (3) (a) If the debt remains uncollected and, in the case of a parking
7 citation, if the debtor has not contested the citation within 20 days after the notice
8 under sub. (2), the department shall set off the debt against any refund that is owed
9 to the debtor after the setoff under s. 71.93. Any legal action contesting a setoff shall
10 be brought against the municipality or county that certified the debt under sub. (2).

11 **SECTION 11.** 71.935 (3) (b) of the statutes is created to read:

12 71.935 (3) (b) The department shall provide the information obtained under
13 sub. (2) to the department of administration. Before reducing any disbursement as
14 provided under this paragraph, the department of administration shall contact the
15 department to verify whether a certified debt that is the basis of the reduction has
16 been collected by other means and, in the case of a parking citation, whether the
17 debtor has contested the citation within 20 days after the notice under sub. (2). If
18 the certified debt remains uncollected and, in the case of a parking citation, the
19 citation has not been contested within 20 days after the notice under sub. (2), the
20 department of administration shall, after any reduction under s. 71.93, reduce the
21 disbursement by the amount of the debtor’s certified debt under sub. (2), notify the
22 department of such reduction and disbursement, and remit the amount of the
23 reduction to the department in the manner prescribed by the department. If more
24 than one debt certified under sub. (2) exists for any debtor, the disbursement shall
25 be reduced first by the earliest debt certified. Any legal action contesting a reduction

1 under this paragraph shall be brought against the municipality or county that
2 certified the debt under sub. (2).

3 **SECTION 12.** 71.935 (4) of the statutes is amended to read:

4 71.935 (4) Within 30 days after the end of each calendar quarter, the
5 department shall settle with each municipality and county for the amounts that the
6 ~~department setoff~~ set off or reduced against certified debts for the municipality or
7 county during that calendar quarter.

8 **SECTION 13.** 71.935 (5) of the statutes is amended to read:

9 71.935 (5) At the time of each settlement, each municipality and county shall
10 be charged for administration expenses, and the amounts charged shall be credited
11 to the appropriation account under s. 20.566 (1) (h). Annually on or before November
12 1, the department shall review its costs incurred during the previous fiscal year in
13 administering setoffs and reductions under this section and shall adjust its
14 subsequent charges to each municipality and county to reflect that experience.

15 **SECTION 14.** 73.12 (1) (b) of the statutes is amended to read:

16 73.12 (1) (b) "Vendor" means a person providing goods or services to this state
17 under subch. IV or V of ch. 16 or under ch. 84 ~~if the value of the contract for those~~
18 ~~goods or services is at least \$500.~~

19 (END)